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STATEMENT BY THE PRESIDENT

Today, I am announcing reforms to the Administration's export controls on high-performance computers (HPC) and semiconductors. These policies will strengthen America's high-tech competitiveness, while maintaining controls that are needed to maintain our national security.

These reforms are needed because of the extraordinarily rapid rate of technological change in the computer industry. The number-crunching ability of a supercomputer that once filled a room and cost millions of dollars is now available in an inexpensive desktop computer. Computers that are widely used by businesses and can be manufactured by European, Japanese and Asian companies will soon exceed the limits that I established on high-performance computers in 1996. These business computers have become commodities, and next year, U.S. and foreign vendors are expected to sell 5 million of them.

Maintaining these controls would hurt U.S. exports without benefiting our national security. Moreover, a strong, vibrant high-tech industry is in America's national security interests. That is why I have decided to raise the licensing threshold of high-performance computers to so-called "Tier 2" and "Tier 3" countries. For "Tier 3" countries, which present the greatest risk from a national security viewpoint, the Administration will continue its policy of maintaining a lower threshold for military end-users than civilian end-users. I have also directed my national security and economic advisers to provide me with recommendations to update our export controls every six months.

Due to legislation passed by the Congress in 1997, this change will require Congressional approval and a six month period before it can go into effect. I will work with the Congress to pass legislation that would reduce this period to one month, so that we can keep up with the rapid pace of technological change. I also want to work with the Congress on a bipartisan basis to explore longer-term solutions to how we deal with commodities like widely available computers and microprocessors.

Note:

In April of 2002 the Bureau of Export Administration (BXA) changed its name to the Bureau of Industry and Security(BIS). For historical purposes we have not changed the references to BXA in the legacy documents found in the Archived Press and Public Information.